

## SUBCOMMITTEE NO. 2

## Agenda

Byron Sher, Chair  
Sheila Kuehl  
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### Part II

Monday, May 17, 2004  
1:30 p.m.  
Room 112

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### Resources—Environmental Protection—Public Safety—Energy

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## Part II—Open Issues

### Consent Agenda

#### 3560 State Lands Commission

##### 1. April Finance Letter

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 April finance letter for State Lands Commission (SLC).

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##### State Lands Commission

##### April Finance Letter, 2004-05

(Dollars in Thousands)

Description	Special Funds	Total	Positions
<b><i>Liquefied Natural Gas (LNG) Facilities</i></b>	\$101	\$101	1.0
<b><i>Environmental Review.</i></b> Proposes to increase reimbursements from two LNG companies to review land leases for subsea pipelines through state waters associated with the construction of LNG facilities off Ventura and Santa Barbara counties.			
<b>Total</b>	<b>\$101</b>	<b>\$101</b>	<b>1.0</b>

**Staff Recommendation.** No issues have been raised with the administration's April finance letter for SLC. **Staff recommends approving the finance letter.**

##### 2. May Revision

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 May Revision for SLC.

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**State Lands Commission****May Revision, 2004-05***(Dollars in Thousands)*

<b>Description</b>	<b>Special Funds</b>	<b>Total</b>	<b>Positions</b>
<b>General Fund Reduction.</b> Proposes reductions in support for land management, mineral resources management, and administrative staff.	-\$244	-\$244	-2.9
<b>Total</b>	<b>-\$244</b>	<b>-\$244</b>	<b>-2.9</b>

**Staff Recommendation.** No issues have been raised with the administration's May Revision for SLC. *Staff recommends approving the May Revision for SLC.*

## **3680 Department of Boating and Waterways**

### **1. April Finance Letter**

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 April finance letter (including additional April 30 amendments) for the Department of Boating and Waterways (DBW).

**Department of Boating and Waterways****April Finance Letter (including Amendments), 2004-05***(Dollars in Thousands)*

<b>Description</b>	<b>Special Funds</b>	<b>Federal Funds</b>	<b>Total</b>	<b>Positions</b>
<b><i>Clean Vessel Act Program Support.</i></b> Proposes to permanently increase support funding for the federal Clean Vessel Act Grant Program, which provides grant and education programs to help reduce water pollution caused by boating activities.	-	\$240	\$240	0.0
<b><i>Clean Vessel Act Program Grants.</i></b> Proposes to increase funding for the federal Clean Vessel Act Program for pump-out equipment grants to marina operators in order to maximize federal funds available for this program.	-	90	90	0.0
<b><i>Transfer Funding from Capital Outlay to Support.</i></b> Proposes to transfer \$180,000 from capital outlay to state support to support the department's costs to administer various capital outlay projects.	0	-	0	0.0
<b><i>Reallocation of Funds Between Projects.</i></b> Proposes to redistribute funds within three projects in the City of Long Beach considered under the Small Craft Harbors Loan Program. The City of Long Beach has requested these adjustments.	0	-	0	0.0
<b><i>Reappropriate Capital Outlay.</i></b> Proposes to reappropriate \$310,000 for working drawings for the Channel Islands boating and instruction safety center.	0	-	0	0.0
<b>Total</b>	<b>\$0</b>	<b>\$330</b>	<b>\$330</b>	<b>0.0</b>

***Staff Recommendation.*** No issues have been raised with the administration's April finance letter for DBW. ***Staff recommends approving the finance letter, including additional amendments.***

## **3820 San Francisco Bay Conservation and Development Commission**

***Summary.*** The following is a summary of the budget amendments requested by the administration in the 2004-05 May Revision for the San Francisco Bay Conservation and Development Commission (BCDC).

**San Francisco Bay Conservation and Development Commission**

May Revision, 2004-05

*(Dollars in Thousands)*

Description	General Fund	Total
<b>Permit Fee Increase.</b> Proposes budget bill language to increase the commission's permit fees so they cover 20 percent of the cost of its regulatory program.	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>

**Previous Subcommittee Action.** At the April 1 meeting of the Subcommittee the Subcommittee adopted budget bill language to require the commission to increase permit fees to cover 20 percent of the cost of its regulatory program. The administration's proposal is consistent with the earlier action taken by the Subcommittee.

**Staff Recommendation.** No issues have been raised with this proposal. Staff recommends the Subcommittee *approve the May Revision for BCDC*, which is consistent with prior action by the Subcommittee.

**3900 Air Resources Board**

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 May Revision for the Air Resources Board (ARB).

**Air Resources Board**

May Revision, 2004-05

*(Dollars in Thousands)*

Description	General Fund	Special Funds	Total	Personnel Years
<b>Air Quality Workload.</b> Proposes restoration of positions reduced during the Control Section 4.10 reductions. These positions are needed to carry out the state's implementation plan as required by the federal Clean Air Act.	-	\$2,091	\$2,091	26.0
<b>Total</b>	<b>\$0</b>	<b>\$2,091</b>	<b>\$2,091</b>	<b>26.0</b>

**Staff Recommendation.** No issues have been raised with the administration's May Revision proposal for ARB. *Staff recommends the subcommittee approve the May Revision amendments for ARB.*

## 3910 Integrated Waste Management Board

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 May Revision for the Integrated Waste Management Board (IWMB).

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### California Integrated Waste Management Board

May Revision, 2004-05

(Dollars in Thousands)

Description	General Fund	Special Funds	Total	Personnel Years
<b><i>E-Waste Recycling Program.</i></b> Proposes to increase expenditure authority for the E-Waste recycling program due to an expansion of covered products to include liquid crystal display (LCD) monitors and LCD/Plasma televisions.	-	\$21,100	\$21,100	0.0
<b>Total</b>	<b>\$0</b>	<b>\$21,100</b>	<b>\$21,100</b>	<b>0.0</b>

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**Staff Recommendation.** No issues have been raised with the administration's May Revision proposal for IWMB. *Staff recommends the subcommittee approve the May Revision amendments for IWMB.*

## 0555 Secretary for Environmental Protection

### 1. Consolidation of Administrative Functions

**Background.** When the California Environmental Protection Agency (Cal-EPA) was created in 1991, then Governor Pete Wilson committed to the Legislature that Cal-EPA would be a coordinated, accountable agency focusing on the greatest risks to public health and the environment. In the reorganization plan a number of goals for Cal-EPA were established, including better coordination of the state's environmental programs and reducing overlap, duplication, and conflict in the regulation and administration of these programs.

**Funding Environmental Protection Programs.** Over the past several years, General Fund support for environmental protection programs has been reduced approximately 85 percent from its peak in the 2000-01 budget year. Some of these expenditures have been replaced with fees assessed on the industry or other resource user groups. Nevertheless, overall funding for environmental protection programs (less bond funding) has declined by over 15 percent over the past five years. Despite these reductions the environmental problems facing the state continue to rise.

**Administrative Functions Could Be Streamlined.** The funding gap facing many environmental protection programs increases the urgency for streamlining functions to the extent possible to achieve savings that can be reinvested into programs to improve the state's environment. Nearly \$100 million or approximately 18 percent of all funds expended by Cal-EPA boards, departments, and offices are for various administrative functions, including legal, communications, information technology, and various other administrative functions. Currently, each board, department, or office within Cal-EPA has separate staffs that administer these functions. These functions could be consolidated and streamlined in order to reduce overlap and duplication of these activities. The consolidation of these functions would result in savings due to economies of scale and the reduction of duplicating activities. This in turn would free up additional funds to invest in environmental protection programs across the state.

**Staff Recommendation.** Staff recommends the Subcommittee direct staff, the LAO, and the administration to develop trailer bill language that accomplishes a consolidation of common administrative functions at all Cal-EPA boards, departments, and offices.

## 3480 Department of Conservation

### 1. April Finance Letter

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 April finance letter for Department of Conservation (DOC). The following listing excludes bond-funded amendments since these amendments were approved at the Subcommittee's April 29 meeting.

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#### Department of Conservation

##### April Finance Letter - Excluding Bond Funds, 2004-05

(Dollars in Thousands)

Description	Special Funds	Total	Positions
<b>Surface Mining and Reclamation Act (SMARA)</b>	0	0	6.0
<b>Program Staffing.</b> Requests the establishment of 6 permanent positions to meet statutory responsibilities under SMARA. Funding for these positions is made possible by Chapter 794, Statutes of 2003 (SB 649, Kuehl) that increased the maximum annual reporting fee on mining operations resulting in an increase in revenues of about \$1.2 million. These additional revenues are proposed for expenditure in the Governor's budget.			
<b>Abandoned Mine Remediation.</b> Proposes funds from the Abandoned Mine Reclamation and Mineral Fund to remediate abandoned mine features that pose physical safety hazards to the public. The expenditure level is an estimate of revenues this fund will receive from a new fee on gold and silver established by SB 649 (Kuehl).	180	180	0.0
<b>Total</b>	<b>\$180</b>	<b>\$180</b>	<b>6.0</b>

**Previous Subcommittee Discussion.** The Subcommittee discussed the implementation SB 649 (Kuehl) at its April 1 meeting. This bill adopted a new fee schedule for silver and gold producers and dedicated that funding to abandoned mine reclamation. Revenues estimated to be generated by this bill ranged from \$400,000 to \$800,000. However, the department has indicated that it will only collect and expend \$180,000 for this purpose in the budget year.

**Questions the Subcommittee may wish to ask the department.**

- Why are the revenues less than previously estimated?

**Staff Recommendation.** Staff recommends the Subcommittee *approve the finance letter*.



## 2. May Revision

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 May Revision for DOC.

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### Department of Conservation

May Revision, 2004-05

(Dollars in Thousands)

Description	Special Funds	Total	Positions
<b>Computer Network Maintenance.</b> Proposes to fund hardware and software maintenance for the department's computer network.	\$268	\$268	0.0
<b>Total</b>	<b>\$268</b>	<b>\$268</b>	<b>0.0</b>

**Williamson Act Penalty Revenues.** At the April 1 meeting of the Subcommittee, the Subcommittee questioned the department's estimates of Williamson Act penalty revenues. The estimates were significantly less than in prior years and did not reflect increased revenues due to the implementation of Chapter 694, Statutes of 2003 (AB 1492, Laird) that expanded penalties to landowners found to be in breach of a Williamson Act contract. The Governor's May Revision assumes increased Williamson Act penalty revenues of \$4.6 million in the current year and \$2 million in the budget year. This results in total Williamson Act cancellation penalty revenues of \$11.8 million in the current year and \$4.2 million in the budget year. (Current year revenues are especially high due to one large property sale.) The Governor proposes to transfer \$2 million of the revenues in the budget year to the Soil Conservation Fund to support DOC programs. The remaining revenues are deposited in the General Fund to help address the state's budget problem.

**Staff Recommendation.** No issues have been raised with the administration's May Revision proposal. *Staff recommends approving the May Revision proposal for DOC.*

## 3720 California Coastal Commission

### 1. Alternative Funding Source for Coastal Commission's Permitting Functions

**Subcommittee's Previous Direction.** At the April 1 meeting of this subcommittee staff were directed to develop trailer bill language that would direct the Coastal Commission to increase its fees. The subcommittee also directed that the trailer bill language amend current law that requires all permit revenues to be transferred to the State Coastal Conservancy, thereby allowing a portion of these revenues to be deposited in the General Fund to support the commission's permitting functions.

**Staff Recommendation.** Staff recommends the Subcommittee adopt trailer bill language as drafted in **Appendix B**. The language does the following:

- (1) Directs the commission to increase their permitting fees so that the fees would cover roughly 50 percent of the program costs related to permitting. The fees will be adjusted annually for inflation by the consumer price index.
- (2) Amends current law to limit the transfer of fee revenues to the State Coastal Conservancy to \$500,000 and adjust this transfer annually by the consumer price index. This will allow the remaining fee revenues to be deposited in the General Fund for support of the commission's permitting activities.

### 2. April Finance Letter

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 April finance letter for the California Coastal Commission.

**California Coastal Commission**

April Finance Letter, 2004-05

(Dollars in Thousands)

Description	General Fund	Special Funds	Total	Positions
<b>Coastal Marine Public Education Program Support.</b> Proposes to permanently shift support for one position from the General Fund to the Coastal Beach and Coastal Enhancement Account, which is supported by revenues from the Whale Tail License Plate.	-\$163	\$163	\$0	0.0
<b>Coastal Marine Public Education Program Grants.</b> Proposes to provide a one-time augmentation of Whale Tail License Plate funds available for grants to non-profits and government agencies to educate the public on conservation of coastal and ocean resources. A portion of these funds (\$300,000) were proposed by the State Coastal Conservancy to be shifted from the conservancy to the commission due to a lack of funding available at the commission for these grants.	-	430	430	0.0
<b>Total</b>	<b>-\$163</b>	<b>\$593</b>	<b>\$430</b>	<b>0.0</b>

**Allocation of Whale Tail Funds.** The Analyst has identified a technical inconsistency in current law regarding the allocation of the whale tail environmental license plate funds. Trailer bill language has been suggested to correct this issue.

**Staff Recommendation.** No issues have been raised with the administration's April finance letter for the Coastal Commission. **Staff recommends approving the finance letter and adopting the following trailer bill language to clarify current law.** Staff has been advised that the commission and DOF agree to the language change.

**Vehicle Code Section 5067**

(c) (1) One-half in the California Beach and Coastal Enhancement Account, which is hereby created in the California Environmental License Plate Fund. (a) Upon appropriation by the Legislature, the money in the account shall be allocated by the Controller *first* to the California Coastal Commission for expenditure for the Adopt-A-Beach program, the Beach Cleanup Day program, coastal public education programs, and grants to local governments and nonprofit organizations for the costs of operating and maintaining public beaches related to these programs, *and then, from remaining available funds, -Any funds remaining in the California Beach and Coastal Enhancement Account at the end of a fiscal year shall be allocated by the Controller, after appropriation by the Legislature,* to the State Coastal Conservancy for coastal natural resource restoration and enhancement projects and for other projects consistent with the provisions of Division 21 (commencing with Section 31000) of the Public Resources Code.

(2) One-half in the California Environmental License Plate Fund.

## 3790 Department of Parks and Recreation

### 1. April Finance Letter—Excluding Resources Bond Funds

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 April finance letter for the Department of Parks and Recreation (DPR). The following listing excludes resources bond-funded amendments since these amendments were approved at the Subcommittee's April 29 meeting.

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#### Department of Parks and Recreation

##### April Finance Letter - Excluding Bond Funds, 2004-05

(Dollars in Thousands)

Description	Reim- bursements	Total	Positions
<b>Joint Communication Services.</b> Proposes to transfer 7 permanent positions on a two-year limited term basis to Department of Parks and Recreation from Department of Fish and Game (DFG) and increased reimbursements to provide statewide dispatch services for DFG as part of a cooperative joint venture to allow DFG to gain 24-hour communications to help ensure warden safety and timely responses to oil spills.	\$417	\$417	7.0
<b>Total</b>	<b>\$417</b>	<b>\$417</b>	<b>7.0</b>

The administration has also submitted amendments to its April finance letters. The following reappropriations for capital outlay projects at DPR were included as amendments to the April finance letter.

**Department of Parks and Recreation****April Finance Letter Amendment - Bond Fund Reappropriations, 2004-05***(Dollars in Thousands)*

<b>Description</b>	<b>Prop 12</b>	<b>Prop 40</b>	<b>Special Funds</b>	<b>Total</b>
<b><i>East Bay Regional Park District.</i></b> Proposes to reappropriate bond funds to complete public park improvements in the East Bay Shoreline. The project required a comprehensive environmental review resulting in delay.	\$1,201	-	-	\$1,201
<b><i>Statewide Opportunity Acquisitions.</i></b> Proposes to reappropriate bond funds to make opportunity land purchases.	3,000	-		3,000
<b><i>Statewide Redwood Acquisitions.</i></b> Proposes to reappropriate bond funds to make opportunity Redwood-related acquisitions.	0	-	-	0
<b><i>Statewide Habitat Acquisitions.</i></b> Proposes to reappropriate bond funds to make habitat acquisitions.	4500	-	-	4,500
<b><i>Topanga State Park.</i></b> Proposes to reappropriate bond funds for Topanga Canyon acquisitions that have been delayed because of tenant appeals and legal challenges.	1,191	-	-	1,191
<b><i>Pfeiffer Big Sur State Park.</i></b> Proposes to reappropriate bond funds for constructing a park entrance and day use redevelopment project that was delayed by the process of acquiring a local coastal permit.	3,222	-	-	3,222
<b><i>Pigeon Point Light Station State Historic Park.</i></b> Proposes to reappropriate bond funds for acquiring land at Bolsa Point/Whaler's Cove.	3,999	-	-	3,999
<b><i>Habitat Conservation Acquisitions.</i></b> Proposes to reappropriate funds for habitat-related land acquisitions.	-	-	508	508
<b><i>Oceano Dunes State Vehicle Recreation Area.</i></b> Proposes to reappropriate funds for acquisition of the La Grande Tract.	-		3,227	3,227
<b><i>Leland Stanford Mansion State Historic Park.</i></b> Proposes to reappropriate bond funds for construction related to rehabilitating the mansion grounds.	-	2,121	-	2,121
<b>Total</b>	<b>\$17,113</b>	<b>\$2,121</b>	<b>\$3,735</b>	<b>\$22,969</b>

***Staff Recommendation.*** No issues have been raised with the administration's April finance letter for DPR or the proposed amendments. ***Staff recommends approving the finance letter and the amendments.***

## 2. Governor's Park Fee Proposal

***Subcommittee's Previous Direction.*** At the April 1 meeting of the Subcommittee staff was directed to develop supplemental report language with the LAO and the administration to require the department to report on the impacts of the administration's new fee policy and to include the

broad policy directives recommended by the LAO. The Analyst has drafted the following language. Staff has been informed that both the department and DOF are fine with the language.

**Item 3790-001-000—Department of Parks and Recreation**

1. The Department of Parks and Recreation shall, on or before January 10, 2005, submit to the budget and fiscal committees of both houses and the Legislative Analyst's Office a report on its progress in implementing a new fee structure for the Department of Parks and Recreation. The report shall include:

- Fee schedule for all units of the state park system.
- Actual monthly revenue collections for day use, camping, and other fees through October, 2004.
- An analysis, based on actual revenues received to date, on whether the department will reach its total revenue projections as enacted in the 2004-05 Budget Act.
- Monthly visitor attendance for 2003-04 and 2004-05 (to date).

2. It is the intent of the Legislature that the setting and collecting of park fees should be guided by the following policy parameters:

- ***The Role of Fees in State Park Funding.*** Funding for state parks should include a reasonable sharing of costs between the users of state parks and the general public.
- ***Fee Structure Should Include Differential Pricing.*** The fee structure should reflect the different levels of service and facilities that are offered by state parks.
- ***Fees Should be Comparable With the Fees of Similarly Situated Recreational Providers.*** Fees for the use of state parks should be comparable with the fees for the use of similar privately and publicly owned facilities in the vicinity of the state park.
- ***Fee Collection Should Be User-Friendly and Convenient to Park Users.*** Visitors should be offered convenient methods of payment (such as automated fee machines and payment) in order to facilitate fee collection.
- ***Fees Should Be Used to Support Deferred Maintenance When Feasible.*** The department should maintain a portion of the fee revenues when feasible at the site where they are collected in order to address deferred maintenance needs.

***Staff Recommendation.*** Staff recommends the Subcommittee *adopt the supplemental report language.*

### 3. California Main Street Program

***Background.*** The California Main Street Program (CMSP) was developed to save historic commercial architecture, but has also provided economic development opportunities and opportunities to enhance the social, cultural, and environmental well being of traditional commercial districts in California. The California program is part of the National Main Street program, which is part of the National Trust for Historic Preservation. The California program does not provide funding to local communities for revitalization projects, but does provide a network of information and technical assistance to assist local communities in successful main street redevelopment projects that focus on historic preservation.

***Recent Budget Reductions.*** Funding to support CMSP was eliminated in 2002-03. Subsequently, the agency that managed the program, the Technology, Trade, and Commerce Agency, was also eliminated. The program as administered by TTCA had a General Fund cost of \$350,000.

**Recent Legislation.** In 2003, AB 1123 (Parra) sought to move CMSP from TTCA to the Department of Parks and Recreation's (DPR's) Office of Historic Preservation (OHP). The OHP is responsible for statewide administration of the historic preservation program in California, including local outreach activities. The office's local outreach activities include certification of local preservation programs and technical assistance to communities. These activities are similar to activities performed by CMSP. Therefore, the purpose of the bill was to continue the CMSP as a program at DPR, given the similar missions of the CMSP and DPR's OHP.

**Staff Recommendation.** (1) The Subcommittee may wish to take action to adopt trailer bill language that would establish the California Main Street Program within the Office of Historic Preservation at the Department of Parks and Recreation. (2) To support this program, the Subcommittee may wish to increase the department's expenditure authority by \$175,000 from a new California Main Street Program Fund to support 2 positions. Revenues to this fund are not on deposit, but could include funds received from any of the following sources in the budget year, private contributions, federal funds, and/or fees for services provided by the department for services related to the California Main Street Program. Given the state's General Fund shortfall staff does not recommend dedicating additional General Fund resources to this program at this time.

## 4. Various Reappropriations

**Summary.** Staff has been notified that the following items require reappropriation by the Legislature to avoid the funds reverting to the state on June 30, 2004. In all cases, the funds proposed for reappropriation will be spent consistent with the original appropriation.

### Department of Parks and Recreation

#### Legislative Requests - Reappropriations, 2004-05

(Dollars in Thousands)

Description	General Fund	Special Funds	Bond Funds	Total
<b>City of Santa Monica.</b> Request to reappropriate \$350,000 for EIRs and Planning related to the 415 PCH Project at Santa Monica Beach.	-	-	\$350	\$350
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$350</b>	<b>\$350</b>

**Staff Recommendation.** The Subcommittee may wish to adopt the following budget bill language to facilitate the reappropriation listed above.

3790-492—Reappropriation, Department of Parks and Recreation.

*Notwithstanding any other provision of law, the period to liquidate encumbrances of the following citation is extended to June 30, 2005:*

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3790-302-0005, Budget Act of 2001 (Ch. 106, Stats. 2001)

(15) 90.FH.100—Santa Monica SB:415 PCH Project – EIRs and Planning

## 8570 California Department of Food and Agriculture

### 1. Position Management

**Previous Subcommittee Direction.** At the March 18 meeting of the Subcommittee, the Subcommittee directed staff, LAO, and the California Department of Food and Agriculture (CDFA) develop trailer bill language that requires the department to comply with standard administrative procedures related to establishing new positions. This direction was in response to findings by the Analyst that the department currently has over 500 permanent positions in its position blanket. (The position blanket at the State Controller's Office (SCO) is typically utilized to establish short-term positions for addressing emergencies or peak-workloads.) The Analyst made findings that CDFA's current position management practices limit legislative oversight and recommends CDFA follow normal administrative practices for establishing permanent positions.

**Department's Concerns.** The CDFA continues to maintain that they need to be able to establish permanent positions outside of normal state administrative procedures. They cite the need to hire highly qualified scientists and other experts quickly on a permanent basis to address food and other human-health emergencies as one of the reasons they need increased flexibility. However, the department has not been able to make sufficient determinations as to why its operations differ significantly from other departments that also address emergencies in the state such as the Department of Health Services and the Office of Emergency Services.

**Staff Recommendation.** Staff recommends the Subcommittee adopt trailer bill language as drafted in **Appendix B**. The language does the following:

- (1) Requires the department to establish all permanent positions with the State Controller's Office (SCO), pursuant to standard state administrative policies. This applies to positions currently in the blanket and any permanent positions established in the future.
- (2) Requires the department to report to the Legislature January 10, 2005 on the permanent positions currently in the department's blanket that are established with SCO.
- (3) Exempts positions funded by the Agriculture Fund from the administrative rule that eliminates vacant positions if they have been vacant for 6 months. This action seems appropriate given the cyclical nature of the agriculture industry that is served by these programs and positions.

### 2. April Finance Letter

**Summary.** The following is a summary of the budget amendments requested by the administration in the 2004-05 April finance letter for CDFA.



**California Department of Food and Agriculture****April Finance Letter, 2004-05***(Dollars in Thousands)*

Description	General Fund	Personnel Years
<b><i>Mediterranean Fruit Fly Preventative</i></b>	\$8,021	132.0
<b><i>Release Program.</i></b> Proposes a one-time appropriation to continue this program in the budget year.		
<b>Total</b>	<b>\$8,021</b>	<b>132.0</b>

**Background.** The Mediterranean Fruit Fly Preventative Release Program (Medfly program) involves raising sterile medflies and releasing them throughout the Los Angeles Basin. Program costs have historically been shared equally between the state and the federal government.

**LAO Recommendation.** The Analyst recommended in 2003 the enactment of legislation authorizing CDFA to assess fees for the nonfederal cost of the Medfly program. The Analyst finds that benefits from the Medfly program are directly accrued by fruit growing industries in southern California.

**CDFA's Supplemental Report Response.** In 2003, supplemental report language was adopted by the Legislature to require the department to report on alternative funding mechanisms for supporting this program in order to reduce General Fund expenditures. The department concluded that any industry assessment would need to be applied to California growers as well as imported food items and would require federal authorization. Furthermore, the department concluded that additional federal funding would also be difficult to secure without a sufficient state match.

**Staff Recommendation.** Staff recommends approving this proposal. (See Item 3 – General Fund Budget for related recommendations.)

### 3. General Fund Budget

**Previous Subcommittee Direction.** At the March 18 meeting of the Subcommittee, the Subcommittee directed the department and DOF to develop options for reducing CDFA's General Fund budget an additional 5 percent and 10 percent. Staff has not received options from the department for additional General Fund savings. However, the department did provide the following detail on its General Fund expenditures.

**California Department of Food and Agriculture**  
**General Fund Budget Detail, 2004-05**  
*(Dollars in Thousands)*

<b>Description</b>	<b>General Fund</b>
<b>Animal Health and Food Safety Services</b>	<b>\$22,742</b>
Animal Health and Food Safety Services.	7,880
California Animal Health and Food Safety Laboratory System.	10,620
Meat and Poultry Inspection.	2,682
Milk and Dairy Foods Control.	1,560
<b>Agricultural Plant Health and Pest Prevention</b>	<b>\$50,366</b>
Exclusion of Plant, Pests, and Disease.	11,310
Integrated Pest Management.	2,589
Pierce's Disease.	4,408
Pest Detection and Emergency Projects.	17,107
Plant Diagnostics Lab.	5,403
Mediterranean Fruit Fly Preventative Release Program.	8,021
Sterile Fruit Fly Production Facility.	1,528
<b>Measurement Standards</b>	<b>\$1,922</b>
<b>General Agricultural Activities</b>	<b>\$85</b>
Agricultural Export Program	85
<b>Local Assistance</b>	<b>\$5,911</b>
Agricultural Plant Health and Pest Prevention.	5,528
General Support.	383
<b>Total</b>	<b>\$81,026</b>

**Governor's Budget.** The Governor's budget proposes to redirect \$4.5 million from the County Agricultural Commissioners' (CACs') pest exclusion activities in order to restore funding for the state border inspection stations.

**County Agricultural Commissioner's Pest Exclusion Activities Reduced.** The \$4.5 million reduction in the CACs' pest exclusion activities has resulted in an 80 percent reduction to the CACs' high-risk pest exclusion activities. This has reduced the effectiveness of the border inspection station program since CACs are responsible for more detailed inspections of agricultural product shipments after they cross the border.

**Staff Recommendation.** The Subcommittee may wish to take the following two actions:

- (1) Reduce \$2.5 million General Fund from the department's state operations for agricultural plant health and pest prevention and augment local assistance to the County Agricultural Commissioners by a similar amount to fund county high-risk pest exclusion activities. This should help to make the investments in state's border inspection stations more effective since local CACs will have more resources available for detailed inspections of agricultural product shipments from out of state. An unallocated reduction will enable the department to prioritize its current expenditures in this area to address the state's greatest needs.

- (2) Increase the department's state operations budget for agricultural plant health and pest prevention by \$2.5 million from the department's Agriculture Fund. This will allow the department to expend any contributions made by the agricultural industry in the budget year to fund programs reduced due to the shift of General Fund to the CACs. This is consistent with the LAO's recommendation to require industry contributions for support of the Medfly program.
- (3) Given the state's current General Fund condition, the subcommittee should also eliminate General Fund support for the Pierce's disease program, thereby saving the state \$4.4 million General Fund.

#### 4. Capital Outlay

**Previous Subcommittee Direction.** At the March 18 meeting of the Subcommittee, the Analyst raised concerns with the department's proposal to spend \$416,000 from the Agriculture Fund for preliminary plans, working drawings, and construction to repair an existing Medfly rearing facility in Waimanalo, Hawaii. The Analyst was concerned that the proposal was to fund repairs to an existing facility, which would have been more appropriately funded by the department's operating expenses. The department has since revised its proposal and the Analyst no longer has its concerns. The following is a summary of all of the department's capital outlay proposals for the budget year.

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**California Department of Food and Agriculture**  
**Capital Outlay Budget Change Proposals and April Finance Letter, 2004-05**  
*(Dollars in Thousands)*

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Description	Lease Revenue Bonds	Total
<b>Truckee Agricultural Inspection Station.</b> Proposes to relocate the current inspection station. The new station will be built east of the town of Truckee on property near the California Highway Patrol's existing weigh station. Proposal funds working drawings and construction of the project.	\$19,236	\$19,236
<b>Hawaii Medfly Rearing Facility Upgrades.</b> Proposes to make refinements to the heating, cooling, humidification, and ventilation systems of this facility. Proposal funds preliminary plans, working drawings, and construction costs.	416	416
<b>Yermo Agriculture Inspection Station.</b> Proposes to reappropriate funding to complete working drawings and construction to relocate this station. Project was delayed due to environmental mitigation issues.	0	0
<b>Hawaii Medfly Rearing Facility.</b> Proposes to reappropriate \$583,000 for working drawings and construction of this facility due to delays in lease negotiations with the state of Hawaii.	0	0
<b>Total</b>	<b>\$19,652</b>	<b>\$19,652</b>

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***Staff Recommendation.*** Staff recommends approving the department's capital outlay April finance letter.

## **Appendix B—Trailer Bill Language**

1. California Coastal Commission—Fee language
2. California Department of Food and Agriculture—Positions language

## 3720 California Coastal Commission—Trailer Bill Language

### ***Language accomplishes the following:***

- Directs the commission to increase their permitting fees so that the fees would cover roughly 50 percent of the program costs related to permitting. The fees will be adjusted annually for inflation by the consumer price index.
- Amends current law to limit the transfer of fee revenues to the State Coastal Conservancy to \$500,000 and adjust this transfer annually by the consumer price index. This will allow the remaining fee revenues to be deposited in the General Fund for support of the commission's permitting activities.

***Draft Date: 5/17/04***

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### **Public Resources Code**

#### **Section 1:**

- (a) ***It is the intent of the Legislature that the California Coastal Commission revise its permit fee schedule to recover at least fifty percent of the costs incurred in processing and enforcing coastal development permits. Notwithstanding any other provision of law to the contrary, the Commission may collect fees from public agencies for processing a request for action by the Commission that is necessary for new development proposed by the public agency.***
- (b) ***The adoption of permit fee increases pursuant to this subdivision shall be exempt from the review of the Office of Administrative Law and from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.***
- (c) ***It is the intent of the Legislature that the Governor's annual budget document display the Coastal Commission's permit fee revenues for past, current, and future budget years.***

#### **Section 2.**

30620. (a) By January 30, 1977, the commission shall, consistent with this chapter, prepare interim procedures for the submission, review, and appeal of coastal development permit applications and of claims of exemption. These procedures shall include, but are not limited to, the following:

- (1) Application and appeal forms.
- (2) Reasonable provisions for notification to the commission and other interested persons of any action taken by a local government pursuant to this chapter, in sufficient detail to ensure that a preliminary review of that action for conformity with this chapter can be made.
- (3) Interpretive guidelines designed to assist local governments, the commission, and persons subject to this chapter in determining how the policies of this division shall be applied in the coastal zone prior to the

certification of local coastal programs. However, the guidelines shall not supersede, enlarge, or diminish the powers or authority of the commission or any other public agency.

(b) Not later than May 1, 1977, the commission shall, after public hearing, adopt permanent procedures that include the components specified in subdivision (a) and shall transmit a copy of those procedures to each local government within the coastal zone and make them readily available to the public. The commission may thereafter, from time to time, and, except in cases of emergency, after public hearing, modify or adopt additional procedures or guidelines that the commission determines to be necessary to better carry out this division.

(c) (1) The commission may require a reasonable filing fee, ***to be adjusted annually by the increase in the consumer price index***, and the reimbursement of expenses for the processing by the commission of any application for a coastal development permit under this division and, except for local coastal program submittals, for any other filing, including, but not limited to, a request for revocation, categorical exclusion, or boundary adjustment, submitted for review by the commission.

(2) Any coastal development permit fees collected by the commission under paragraph (1) shall be deposited ***directly into the General Fund with the first \$500,000 transferred to the Coastal Access Account***, which is hereby created in the State Coastal Conservancy Fund. The money in the account shall be available, upon appropriation by the Legislature in the annual Budget Act, to the State Coastal Conservancy for grants to public agencies and private nonprofit entities or organizations for the development, maintenance, and operation of new or existing facilities that provide public access to the shoreline of the sea, as defined in Section 30115. Any grant funds that are not expended for those purposes shall revert to the account. Nothing in this paragraph authorizes an increase in fees or creates any new authority on the part of the commission.

(d) With respect to any appeal of an action taken by a local government pursuant to Section 30602 or 30603, the executive director shall, within five working days of receipt of an appeal from any person other than members of the commission or any public agency, determine whether the appeal is patently frivolous. If the executive director determines that an appeal is patently frivolous, the appeal shall not be filed unless a filing fee in the amount of three hundred dollars (\$300) is deposited with the commission within five working days of the receipt of the executive director's determination. If the commission subsequently finds that the appeal raises a substantial issue, the filing fee shall be refunded.

### **Section 3.**

***This act is an urgency statute and shall take effect immediately.***

# 8570 California Department of Food and Agriculture—Trailer Bill Language

## *Language accomplishes the following:*

- (1) Requires the department to establish all permanent positions with the State Controller's Office (SCO), pursuant to standard state administrative policies. This applies to positions currently in the blanket and any permanent positions established in the future.
- (2) Requires the department to report to the Legislature January 10, 2005 on the permanent positions currently in the department's blanket that are established with SCO.
- (3) Exempts positions funded by the Agriculture Fund from the administrative rule that eliminates vacant positions if they have been vacant for 6 months. This action seems appropriate given the cyclical nature of the agriculture industry that is served by these programs and positions.

***Draft Date: 5/17/04***

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## **Food and Agriculture Code**

221. The "Department of Food and Agriculture Fund," which is a special fund, is continued in existence. Any money that is directed by law to be paid into the fund shall be paid into it and, unless otherwise specifically provided, shall be expended solely for the enforcement of the law under which the money was derived. The expenditure from the fund for the enforcement of any law shall not, unless otherwise specifically provided, exceed the amount of money that is credited to the fund pursuant to the law.

**221.1** Notwithstanding Section 13340 of the Government Code, all money deposited in the fund under the provisions enumerated below is hereby continuously appropriated to the department without regard to fiscal years for expenditure in carrying out the purposes for which the money was deposited and for making the refunds authorized by Section 302.

**221.2** All money deposited in the fund under the provisions enumerated below is hereby exempted from Sections 13320 to 13324, inclusive, of the Government Code:

- (a) Article 7 (commencing with Section 5821) and Article 7.5 (commencing with Section 5850) of Chapter 8 of Part 1 of Division 4, Chapter 1 (commencing with Section 6701) of Part 3 of Division 4, and Chapter 5 (commencing with Section 53301) of Division 18.
- (b) Article 5 (commencing with Section 6001) of Chapter 9 of Part 1 of Division 4.
- (c) Article 8.5 (commencing with Section 6047.1) of Chapter 9 of Part 1 of Division 4.
- (d) Article 4.5 (commencing with Section 6971) and Article 5 (commencing with Section 6981) of Chapter 2 of Part 3 of Division 4.
- (e) Chapter 4 (commencing with Section 14200), Chapter 5 (commencing with Section 14501), and Chapter 6 (commencing with Section 14901) of Division 7.
- (f) Part 1 (commencing with Section 16301) and Part 2 (commencing with Section 17401) of Division 9.
- (g) Sections 19225, 19227, 19312, and 19315.
- (h) Division 10 (commencing with Section 20001).
- (i) Division 11 (commencing with Section 23001).
- (j) Part 4 (commencing with Section 27501) of Division 12.
- (k) Division 16 (commencing with Section 40501).
- (l) Chapter 9 (commencing with Section 44971) of Division 17.
- (m) Chapter 1 (commencing with Section 52001) of Division 18.



- (n) Chapter 2 (commencing with Section 52251) of Division 18.
- (o) Chapter 3 (commencing with Section 52651) of Division 18.
- (p) Chapter 4 (commencing with Section 52851) of Division 18.
- (q) Chapter 6 (commencing with Section 55401), Chapter 7 (commencing with Section 56101), and Chapter 7.5 (commencing with Section 56701) of Division 20.
- (r) Section 58582.
- (s) Chapter 1 (commencing with Section 61301), Chapter 2 (commencing with Section 61801), and Chapter 3 (commencing with Section 62700) of Part 3 of Division 21.
- (t) Chapter 5.5 (commencing with Section 12531) of Division 5 of the Business and Professions Code.
- (u) Chapter 7 (commencing with Section 12700) of Division 5 of the Business and Professions Code.
- (v) Chapter 14 (commencing with Section 13400) and Chapter 15 (commencing with Section 13700) of Division 5 of the Business and Professions Code.

***221.3 Notwithstanding Section 221, 221.1, and 221.2, (a) the Department of Food and Agriculture shall establish all permanent positions with the State Controller's Office, pursuant to standard state administrative practices.***

***(b) The department shall report to the Chairs of the fiscal committees of the Legislature and the Legislative Analyst's Office, not later than January 10, 2005, on the positions established pursuant to subdivision (a) that have been funded from the department's blanket authority. The report shall include a description of the positions by program, classification, and fund source, as well as a complete description of the workload for the positions.***

## **Government Code Section**

12439. (c) The Controller shall reestablish any position for which the director of the department in which that position existed prior to abolishment certifies by August 15 that one or more of the following conditions existed during part or all of the six consecutive pay periods.

- (1) The position is necessary for directly providing 24-hour care in an institution operated by the state.
- (2) The position is necessary for the state to satisfy any licensing requirements adopted by a local, state, or federal licensing or other regulatory agency.
- (3) The position is directly involved in services for public health, public safety, or homeland security.
- (4) The position is being held vacant because the previous incumbent is eligible to exercise a mandatory right of return from a leave of absence as may be required by any provision of law including, but not limited to, leaves for industrial disability, nonindustrial disability, military service, pregnancy, childbirth, or care of a newborn infant.
- (5) The position is being held vacant because the department has granted the previous incumbent a permissive leave of absence as may be authorized by any provision of law including, but not limited to, leaves for adoption of a child, education, civilian military work, or to assume a temporary assignment in another agency.
- (6) Elimination of the position will directly reduce state revenues or other income by more than would be saved by elimination of the position.
- (7) ***The position is (i) funded entirely from monies appropriated pursuant to Section 221.1 of the Food and Agriculture Code, (ii) was established with the State Controller pursuant to Section 221.3 of the Food and Agriculture Code, and (iii) directly responds to unforeseen agricultural circumstances requiring the relative expertise that the position provides.***

- (d) Each department shall maintain for future independent audit all records on which the department relied in determining that any position or positions satisfied one or more of the criteria specified in paragraphs (1) to (6), inclusive, of subdivision (c).
- (e) The only other exceptions to the abolishment required by subdivision (a) are those positions exempt from civil service or those instructional and instruction-related positions authorized for the California State University. No money appropriated by the subsequent Budget Act shall be used to pay the salary of any otherwise authorized state position that is abolished pursuant to this section.
- (f) The Controller, no later than September 10 of each fiscal year, shall furnish the Department of Finance in writing a preliminary report of any authorized state positions that were abolished effective on the preceding July 1 pursuant to this section.
- (g) The Controller, no later than October 15 of each fiscal year, shall furnish the Joint Legislative Budget Committee and the Department of Finance a final report on all positions that were abolished effective on the preceding July 1.
- (h) Departments shall not execute any personnel transactions for the purpose of circumventing the provisions of this section.
- (i) Each department shall include a section discussing its compliance with this section when it prepares its report pursuant to Section 13405.
- (j) As used in this section, department refers to any department, agency, board, commission, or other organizational unit of state government that is empowered to appoint persons to civil service positions.
- (k) This section shall become operative July 1, 2002.